

Ava Risk Group Limited (ACN 064 089 318) (Company)

Corporate Governance Statement 2018

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's 3rd edition Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory. However, the Company is required to provide a statement in its annual reports disclosing the extent to which the Company has followed the Recommendations.

	Recommendations	Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Complies	The Company's Board Policy sets out the specific responsibilities of the Board and management and is disclosed on the Company's website.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	The Company's Board Policy requires the Company to undertake background checks and to provide security holders with all relevant information.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The Company's Board Policy requires there to be a letter of appointment which will form the basis of the written agreement between the Company and the directors. The Company has written agreements with all senior executives and directors.

	Recommendations	Compliance	Comment																					
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Complies	The Company's Board Policy states that the Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.																					
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Complies	<p>The Company has a Diversity Policy which is disclosed on the Company website.</p> <p>The Board is responsible for the establishment of measurable objectives and strategies to meet the objectives of the Diversity Policy (Measurable Objectives) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed in the Diversity Policy.</p> <p>The Board has established Measurable Objectives and reports the position as at 30 June 2018 below.</p> <table border="1"> <thead> <tr> <th></th> <th>Objective</th> <th>Actual at 30 June 2018</th> </tr> </thead> <tbody> <tr> <td>Area</td> <td>%</td> <td>%</td> </tr> <tr> <td>Women employees in the whole organisation</td> <td>25</td> <td>14.50</td> </tr> <tr> <td>Women in Senior Executive positions*</td> <td>25</td> <td>0</td> </tr> <tr> <td>Women on the Board</td> <td>20</td> <td>0</td> </tr> </tbody> </table> <p>The Company further advises the following in respect of the group including Maxsec Group Limited:</p> <table border="1"> <thead> <tr> <th></th> <th>Objective</th> <th>Actual at 30 June 2018</th> </tr> </thead> <tbody> <tr> <td>Area</td> <td>%</td> <td>%</td> </tr> </tbody> </table>		Objective	Actual at 30 June 2018	Area	%	%	Women employees in the whole organisation	25	14.50	Women in Senior Executive positions*	25	0	Women on the Board	20	0		Objective	Actual at 30 June 2018	Area	%	%
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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>The Company's Board Policy requires the Board to be responsible for the evaluation of its performance and its individual directors.</p> <p>The performance evaluation process has been undertaken within the reporting period ending on 30 June 2018 in accordance with the prescribed process.</p>									
	Recommendations	Compliance	Comment									
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>The Company's Board Policy requires the Board to be responsible for the performance of senior executives.</p> <p>The Board Policy is disclosed on the Company website.</p> <p>The performance evaluation processes have been undertaken within the reporting period ending on 30 June 2018 in accordance with the prescribed process.</p>									

2.	Structure of the Board to add value		
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Complies	<p>Due to the size and nature of the Company the Board has a combined remuneration and nomination committee. It has three members two of whom are independent. It is chaired by an independent director.</p> <p>The Board has a charter for the committee which is disclosed on the Company's website.</p> <p>At the end of each reporting period the Board reports on the number of times the committee met throughout the period and the individual attendances of the members at those meetings in its Annual Report.</p>
2.2	<p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	Complies	<p>The Company has a skills matrix which is disclosed on the Company's website.</p> <p>The Board Policy requires the Board to ensure on an ongoing basis that the Board maintains the skill and diversity required for the overall operation, strategic direction, leadership and integrity of the Company.</p>
	Recommendations	Compliance	Comment

2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Complies	<p>The Company discloses the names of the directors that the Board considers to be independent, and the interests of each director, as well as the length of service of each director in its Annual Report each year.</p>
2.4	<p>A majority of the Board of a listed entity should be independent directors.</p>	Complies	<p>A majority of the Board is independent.</p>
2.5	<p>The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Does not Comply	<p>The Chair is not an independent director and is not the same person as the CEO. The Chair is a related party of a substantial shareholder of the Company however the Company is satisfied that the Chair can act independently of the shareholder and discharge his duties accordingly. Mr Cronin is a seasoned professional having previously acted as a director of the Company. He is also a director and investor (via related party) in a number of other companies.</p> <p>The Board comprises 5 directors of whom 2 are independent.</p>
2.6	<p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Complies	<p>The Company's Board Policy provides that the Company Secretary is responsible for the induction of new directors to enable them to gain an understanding of the Company's assets, its financial, strategic, operational and risk management position, directors' rights duties and responsibilities and any other relevant information.</p> <p>Directors are encouraged to undertake professional development opportunities that assist them to develop and maintain their skills and knowledge.</p>
3.	Act ethically and responsibly		

3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Complies	<p>The Company has adopted a formal code of conduct. This is incorporated into the Company's Corporate Governance Charter. The Company requires all its directors, senior executives and employees to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and with integrity and fairness in all dealings.</p> <p>The Company's Corporate Governance Charter is disclosed on the Company's website.</p>
	Recommendations	Compliance	Comment
4.	Safeguard integrity in corporate reporting		
4.1	<p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the Board, and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the relevant qualifications and experience of the members of the committee; and • in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Complies	<p>Due to the size and nature of the Company, the Board has a combined audit and risk committee which comprises three members of whom two are independent. The chair of the committee is independent.</p> <p>The board committee has a charter.</p> <p>The relevant qualifications and experience of the members is set out in the Company's Annual Report each year.</p> <p>At the end of each reporting period the Board reports on the number of times the committee met throughout the period and the individual attendances of the members at those meetings in the Company's Annual Report.</p>

4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The Board, undertakes as part of its risk management and reporting function, to monitor and appraise the Company's financial performance including providing the approval of annual and half year financial reports. The CEO and CFO provide each reporting period the declaration required by section 295A of the <i>Corporations Act 2001</i> (Cth).
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The Company's external auditor attends the AGM and is available to answer questions from security holders relevant to the audit at the annual general meetings.
	Recommendations	Compliance	Comment
5.	Make timely and balanced disclosure		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complies	The Company has a written policy for complying with its continuous obligations under the Listing Rules. The policy is available on the Company's website.
6.	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website contains information about the company and its governance (http://www.theavagroup.com)
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company's website allows investors to communicate with the Company.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The Company publishes its policy on communication with shareholders as part of the Corporate Governance Charter published on its website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company publishes its policy on communication with shareholders as part of the Corporate Governance Charter published on its website. The Company gives shareholders the option to receive and send communications electronically with its registry.

7.	Recognise and manage risk		
7.1	<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or 	Complies	<p>Due to the size and nature of the Company, the Board has a combined audit and risk committee. The committee currently comprises three members, all of whom are independent. The chair of the committee is independent. The committee has a charter. The members of the committee are disclosed in the Annual Report each year.</p> <p>At the end of each reporting period the Company discloses the number of times the committee met throughout the period and the individual attendances of the members at those meetings in its Annual Report.</p>
	Recommendations	Compliance	Comment
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes employs for overseeing the entity's risk management framework.		
7.2	<p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	The audit and risk committee reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound and confirms that this review has occurred during the reporting period ending on 30 June 2018.
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	The Company does not have an internal audit function. The Company's audit and risk committee in conjunction with executive management review and oversee the operation of systems of risk management in order to ensure that risks are identified and managed properly.

7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	The Company is exposed to economic risks. The management of these risks is considered by the audit and risk committee and the Board as a whole (as necessary) on an ongoing basis.
8.	Remunerate fairly and responsibly		
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: • the charter of the committee; • the members of the committee; and	Complies	The Board has a remuneration and nomination committee which has three independent members. The chair of the committee is independent. The board committee has a charter which is published on the Company's website. The relevant qualifications and experience of the members is set out in the Company's Annual Report.
	Recommendations	Compliance	Comment
	<ul style="list-style-type: none"> • as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		At the end of each reporting period the Board reports on the number of times the committee met throughout the period and the individual attendances of the members at those meetings in its Annual Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The policies and practices for remuneration of executive and non-executive directors are disclosed in the Company's Annual Report. The Company's Board Policy requires the Board to be responsible for remuneration policies and practices for non-executive directors, executive directors and other senior executives. The Board Policy is disclosed on the Company's website.

8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complies	<p>The Company has a Share Trading Policy which restricts participants entering into transactions which limit the economic risk of participating in the equity-based remuneration scheme.</p> <p>The Share Trading Policy is disclosed on the Company's website.</p>
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